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Division of Banks, Attorney General's Office Take Part in FTC's 'Operation Collection Protection'

Today the Massachusetts Division of Banks (the Division) and Attorney General Maura Healey joined the Federal Trade Commission (FTC), the Consumer Financial Protection Bureau (CFPB), and numerous state attorneys general and regulatory agencies to announce 115 actions nationwide against illegal debt collection operations taken since the first of the year as part of Operation Collection Protection.

Operation Collection Protection is the FTC's coordinated national effort to stop abusive debt collection efforts. The initiative has brought together 73 organizations from across the country committed to working cooperatively and devoting greater resources to address illegal debt collection practices.

"The Division supports Operation Collection Protection and will continue to take actions to ensure a safe and sound financial services environment throughout the Commonwealth—this includes safeguarding consumers from abusive debt collection practices," said Undersecretary of the Office of Consumer Affairs and Business Regulation, John C. Chapman.

"Illegal debt collection is a significant problem harming many people in Massachusetts and across the nation," AG Healey said. "We are committed to working cooperatively with the Federal Trade Commission, the Massachusetts Division of Banks, and others to address and eliminate abusive debt collection practices and will continue to partner with these organizations to protect consumers."

Many organizations participating in this initiative have worked to identify illegal debt collection activity by sharing information about investigation targets, developing ways for federal and state law enforcement organizations to work with state regulatory agencies with jurisdiction over debt collectors, along with forming working groups to look into companies that may be violating state or federal debt collection laws, and jointly investigating and filing actions against illegal debt collectors.

Last month, the Division and the Massachusetts Attorney General's Office [announced a settlement](#) with Delbert Services Corporation, among other co-conspirators, for its part in collecting on illegal, high-interest loans made by Western Sky Financial, LLC, and held by Delbert's affiliate CashCall, Inc. The judgment, enforceable against all affiliated entities, entitles more than 2,000 Massachusetts borrowers to \$2.4 million in refunds, and could provide more than \$17 million in total debt relief.

In conjunction with this initiative, the Division took action against Franklin Collection Service, Inc. of Mississippi for substantial non-compliance with state and federal rules governing debt collectors in the Commonwealth, including commingling client and operating funds and charging unauthorized and

excessive fees. The [consent order](#), entered in April 2015, requires Franklin to pay a civil penalty for commingling, and to refund unauthorized and excessive fees collected from Massachusetts consumers.

The Division, an agency within the Office of Consumer Affairs and Business Regulation, licenses over 400 debt collectors to operate in Massachusetts and conducts regular examinations of these debt collectors to determine compliance with state and federal consumer protection requirements governing debt collectors. In addition to the formal regulatory actions reported today, the Division also issues confidential informal regulatory actions to correct non-compliant collection practices, as well as issuing cease directives against unlicensed debt collectors operating in Massachusetts.

To protect consumers from unlawful debt collection practices, the AG's Office and the Division offer the following tips:

- **Ask for proof of the debt:** Before paying the debt collector, you are entitled to proof of the alleged debt. You should write to the collector within 30 days after you receive an initial letter or call about the debt. If you do this, a debt collector must stop collection efforts until it provides you with proof of the alleged debt in its possession or makes reasonable efforts to obtain the proof if it does not have it.
- **Protect your privacy:** Debt collectors cannot call you at home or on your mobile phone more than twice in a 7-day period, call outside of 8am - 9pm, visit your home more than once in 30 days, or discuss your debt with third parties like friends, neighbors, and children. You can request that the debt collector contacting you about the debt, or stop calling your place of employment.
- **Stop harassing communications:** A debt collector may not use threats of violence, obscene language, or threats of arrest or imprisonment to collect a debt. A creditor may not threaten that nonpayment of a debt will result in seizure of property or wages without informing the debtor that there must be a court order permitting such action before it can be taken.
- **Stop time-barred debt:** A debt collector typically cannot sue you on an old debt that you have not made payment on in more than six years. If you haven't paid the debt for more than seven years, a debt collector is prohibited from reporting the debt to a credit reporting agency.
- **Social Security and other benefits are exempt:** If a debt collector sues you in court and gets a judgment, the court cannot force you to pay with income you receive through government benefits, such as social security, pensions, veterans' benefits, child support, and unemployment benefits. Additionally, income below \$450 a week is exempt from court-ordered payments.

Additional Resources

For more information on the rules governing debt collection in the Commonwealth, please visit the Office of Consumer Affairs and Business Regulations' webpage on [Managing Credit & Debt](#), and the Division of Banks' [Consumer Advisory - New rules reduce predatory debt-collection practices, improve consumer protections](#).

For questions or assistance with a debt collector, bank, credit union, mortgage lender, or other licensed entities, please visit the Division of Bank's website at www.mass.gov/dob. You may also contact the Division's Consumer Assistance Unit at (617) 956-1501 Monday-Friday 8:45 am to 5:00 pm.

For questions or assistance from the Attorney General's, visit www.mass.gov/ago or contact the Attorney General's consumer hotline at (617) 727-8400.

For questions or assistance regarding attorney conduct, please contact the Board of Bar Overseers at (617) 728-8700.

For additional information regarding debt collection, you may visit the Federal Trade Commission's website, www.ftc.gov or contact the FTC at (877) 382-4357.

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